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[REDACTED]
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16 April 1974

MEMORANDUM FOR: Mr. Paul H. Boeker
Policy Planning Staff
Department of State [REDACTED]

SUBJECT : South Africa: Contribution to World
Mineral Supplies

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25X1 1. The attached brief memorandum on the dependence
of other countries on South African mineral exports is
in response to your request. [REDACTED]

2. Because of the possible interest of other
components of the Washington economic community in this
subject, this office may send the attached material to
other interested officials.

25X1 3. If you have further questions, please feel
free to call [REDACTED]

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Attachment:

As stated above

Distribution: (S-Project 6094)

Orig. & 1 - Addressee

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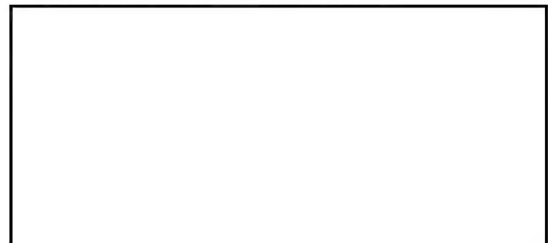
South Africa: Contribution to
World Mineral Supplies

Introduction

South Africa ranks among the top three world producers of antimony, asbestos, chromite, diamonds, gold, manganese, platinum, uranium, and vanadium. South Africa exports important supplies of these minerals in raw and semi-finished forms to the US, Japan, and Europe. (See Tables 1 and 2) Exports to Communist countries are negligible. Pretoria's western political orientation, strong economic ties to the UK, and eagerness to expand exports enhances the reliability of South Africa as a source of metals, despite a potentially explosive domestic racial problem.

Leading Mineral Exports

South African exports of chrome, manganese, and ferro-alloys of these minerals are of major importance to the US, Japan, and five European countries. (See Table 3) South Africa provides almost all of the higher chemical-grade chromite and up to half of all the antimony and platinum imported by the US. Italy gets half of its asbestos imports from South Africa, and Japan 60%



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of its vanadium imports. South Africa produces about half of the diamonds supplied to the international producers' association -- the Central Selling Organization -- controlled by DeBeers Consolidated Mines, Ltd. of South Africa. The Organization handles about 80% of the world's annual sales of diamonds.

South African gold sales dominate the supply side of international gold marketing. South African production is more than double that of the second ranked producer -- the USSR -- and Pretoria is careful to avoid abrupt sales fluctuations that would damage its reputation as a reliable supplier. Gold serves on the international scene both as a limited alternative to speculation in currencies and as an important commercial metal used in jewelry, electronics, and dentistry. The US, Italy, West Germany, Japan, and Spain are the major consumers of gold for commercial purposes.

The decision by US auto manufacturers to use platinum catalytic agents in exhaust emission controls is increasing incrementally South Africa's important share of the US platinum market. South Africa's two largest platinum mines are expanding to fill contracts with Ford, General Motors, and Toyota of Japan. By 1976, South African

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annual output of platinum will equal about 2.4 million troy ounces, placing South Africa first among world producers. Reserves are plentiful, probably exceeding 200 million ounces of high grade ore. Platinum consumption by Japan and western countries for chemical and petroleum processing and for the manufacture of electronic equipment and jewelry also is increasing.

South Africa undoubtedly will be a major uranium supplier for Japanese and European nuclear power plants planned for later this decade and for the 1980's. Ore reserves estimated at 300,000 tons (at \$10 per pound of uranium oxide) exceed those in any other non-Communist country. When market conditions warrant, current production of about 4,000 tons per year of uranium oxide can be expanded quickly to 6,000 tons using existing facilities. A reportedly unique enrichment process that is to be operational in the early 1980's would make South Africa the sixth country capable of producing enriched uranium on a commercial basis.

In addition to its major mineral exports, South Africa is expanding its production and exports of iron ore, coal, and copper. Contracts have been signed for multi-million ton exports of coal to the US, Japan,

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West Germany, and Belgium starting this year, and of iron ore to Japan beginning in 1976. A new copper mine opened in mid-1973 has nearly quadrupled exports of copper concentrates to West Germany.

Stake in Reliability

South Africa's economic and political interests appear to be firmly on the side of strengthening trade bonds with western countries. Pretoria has given top priority to the expansion of non-gold exports in an attempt to reduce South Africa's vulnerability to changes in the volatile international gold price; gold sales make up about one-third of annual foreign exchange earnings. The government long has sought to strengthen its membership in the western economic and political community. It hopes that reliability in trade and opportunity in investment may in some measure offset criticism of its Apartheid racial policy. Possible labor or civil disorder as a consequence of Apartheid, however, is a potential weakness of the economy.

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Table 1

South Africa: Ranking Among World Producers of Selected Minerals, 1971

	World Production	South Africa		Leading Producer	South African Ranking
		Production	Percent of World		
Antimony (thousand metric tons <u>a/</u>)	64	14	22	South Africa	First
Asbestos (thousand metric tons)	3,580	319	9	Canada	Third
Chromite (thousand metric tons)	6,292	1,644	26	USSR	Second
Diamonds (thousand carats)	42,189	7,031 <u>b/</u>	17	Zaire	Third
Gold (metric tons)	1,446	976	68	South Africa	First
Manganese ore (thousand metric tons)	20,677	3,237	16	USSR	Second
Platinum group metals <u>c/</u> (thousand troy ounces)	4,077	1,253	31	USSR	Second
Uranium oxide (thousand metric tons)	22	4	18	US	Second
Vanadium (thousand metric tons <u>a/</u>)	19	8 <u>b/</u>	42	South Africa	First

a. Volume of ore content.

b. In addition, South African mines located in South-West Africa produced 1,900 thousand carats of diamonds and 590 tons of vanadium.

c. Includes platinum, palladium, rhodium, iridium, osmium, and ruthenium.

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Table 2

South Africa: Major Purchasers of Selected Mineral Exports, 1971 a/

	Total Exports	US	Japan	Major European Purchasers					
				UK	Western Germany	France	Italy	Netherlands	Other
Antimony (thousand metric tons)	11	6	Neg'l	5	0	Neg'l	0	0	0
Asbestos (thousand metric tons)	300	24	65	47	7	14	21	3	119
Chromite and ferro- chromium (thousand metric tons)	1,298	409	360	125	167	22	52	64	99
Diamonds (thousand carats)	8,576	243	1	6,743	1	Neg'l	0	491	1,097
Manganese and ferro- manganese (thousand metric tons)	2,793	189	1,020	132	153	335	137	567	260
Platinum group metals b/ (thousand troy ounces)	NA	165	140	60	40	30	0	Neg'l	NA
Vanadium (metric tons)	9,380	0	1,660	500	6,030	0	70	45	1,075

a. Included are exports by Botswana, Lesotho, Swaziland, and South-West Africa.

b. Includes platinum, palladium, rhodium, iridium, and ruthenium. South Africa does not list platinum group metals in its official statistics. These estimates, which are based on figures listed in the import statistics of recipient countries, probably are conservative.

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Table 3

South Africa: Ranking as a Mineral Supplier to Selected Countries, 1971

	South African Exports as a Percent of Country Imports						
	US	Japan	UK	Western Germany	France a/	Italy	Netherlands
Antimony	40	2	NA	0	NA	0	0
Asbestos	4	36	15	17	11	52	1
Chromite and ferro- chromium	26	62	40	57	11	11	31
Diamonds	20	1	NA	15	2	NA	1
Manganese and ferro- manganese	37	35	30	23	64	35	22
Platinum group metals	13 b/	10	40	6	11	0	2
Vanadium	0	61	NA	NA	0	23	NA

a. Data are for 1972.

b. The addition of South African metal re-exported by the UK would raise South Africa's share of US platinum imports to about 50%.

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